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Farm Outlook

Iowa Farm Science Editorial Board

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(signed)

Farm Outlook...

Most of the sensitive business indicators had either bottomed out or turned upward by the end of May. Agreement was general that the trough of the latest recession was at hand or behind us. The question had turned to one of how far--and how fast--the recovery would go.

This improved business outlook offered one ray of hope for Iowa livestock producers facing price troubles with both cattle and lambs and with the hog market failing to show any spring recovery. Declining business conditions last winter was one of the weak spots in the livestock market picture. But the main trouble confronting Iowa livestock producers was heavy marketings, and large supplies continued to be a problem.

Cattle slaughter in May ranged from 3 to 10 percent ahead of a year earlier. Weekly sheep and lamb slaughter varied from 14 to 23 percent above a year ago. Thus, despite the slightly smaller hog slaughter than a year ago, total meat production was from 3 to 6 percent above that of a year earlier.

Add to this the sharply larger broiler slaughter, and we get an increase in the meat supply available at meat counters that is greater than the population increase. And this can only mean lower prices.

So the real key to the livestock outlook for summer and fall lies in what to expect in the way of market supplies.

HOGS . . .

Hog slaughter will be declining through June into early July. The first week in July traditionally is the low

slaughter week for the year. Some price recovery into early July is possible as receipts taper off. It's evident that a fully normal spring price rise didn't take place this year. Under these circumstances, the fall price drop may not be as great as would otherwise be the case.

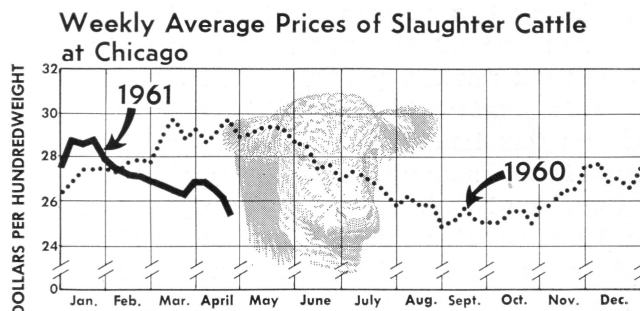
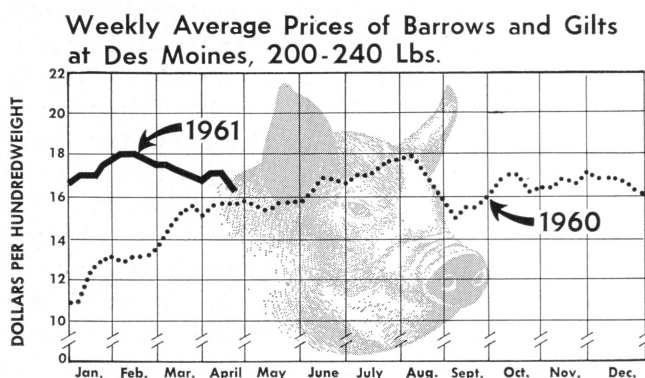
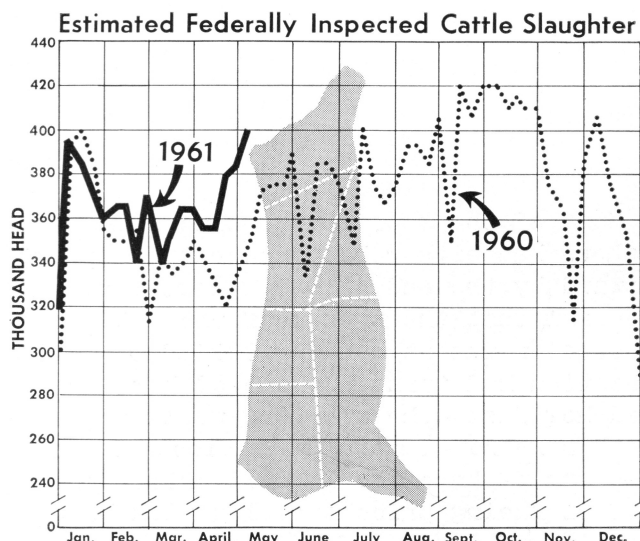
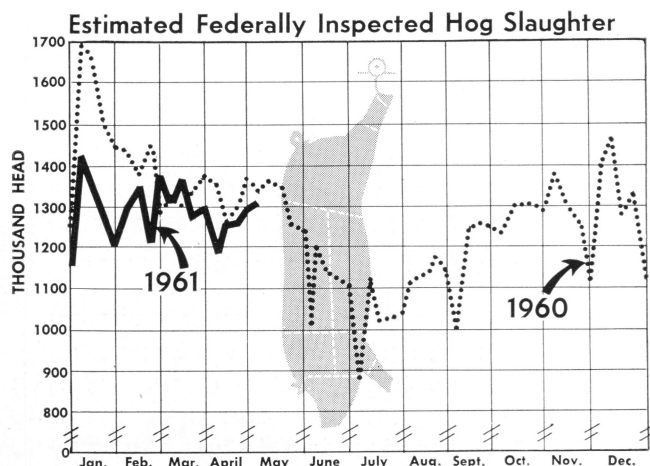
But hog production has turned upward. The 1961 spring pig crop is larger, and so will be the 1961 fall pig crop. With more hogs being raised than a year ago, some fall price decline is almost certain to take place. But a repetition of last August's sharp price drop isn't likely. That involved a combination of a liquidation of frozen pork stocks and unusually heavy live hog marketings.

This probably will be a short hog cycle. Smaller feed-grain supplies and higher feed prices resulting from the successful operation of the current emergency feed-grain program are likely to bring a halt to the uptrend in hog production sometime in 1962. When this first takes place, there'll be increased supplies of hogs on the market as the withholding of breeding stock ends.

This means that hog slaughter next winter (as a result of the combination of increased 1961 production and of the topping out of the hog cycle) will be large enough so that winter hog prices will be lower than those of the season just finished. By the fall of 1962, however, prices should again be improved.

CATTLE . . .

Heavy bunching of fed cattle in late April and May put fed cattle prices under severe pressure. By the end of May, choice fed cattle at Chicago had dropped more than \$5 from their early January peak. A possibility for some summer



price recovery, however, was held out by the USDA outlook specialists on the expectation that consumer demand will be improving by then as receipts of fed cattle and broiler production begin to taper off.

GRAINS . . .

The level of participation in the emergency feed-grain program and the number of acres to be diverted from feed grains are great enough to make a significant change in the outlook for grains. Acreage of corn and oats harvested will be down sharply, but there'll be a large increase in soybean acreage. This means

higher feed prices of both corn and oats in the coming year and less plentiful supplies of these feed grains.

TURKEYS . . .

The turkey hatch continues on its merry way. Hatch of turkey poults for the first 4 months of the year was up 27 percent over a year earlier. And on May 1, there were 26 percent more turkey hatching eggs in incubators! Sharpest percentage boost is in heavy white breeds. It's obvious farm prices for turkeys this fall will average sharply lower than in the fall of 1960.

--Francis A. Kutish